

Ober, Kaler, Grimes & Shriver
Attorneys at Law

120 East Baltimore Street
Baltimore, MD 21202-1643
410-685-1120 / Fax 410-547-0699
www.ober.com

John J. Eller
jjeller@ober.com
410-347-7362

Offices In
Maryland
Washington, D.C.
Virginia

April 26, 2010

VIA HAND DELIVERY

Paul Parker, Chief
Certificate of Need Section
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215-2299

Re: NMS Healthcare of Hagerstown, LLC
Docket No. 10-21-2307
Request for Certificate of Need (CON) Modification

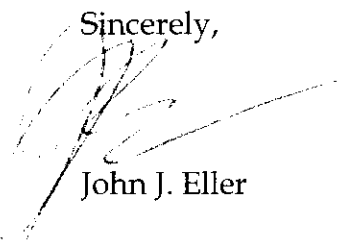
Dear Mr. Parker:

On behalf of NMS Healthcare of Hagerstown, LLC ("NMSH"), we are hereby submitting ten (10) copies of a modification request for the above referenced CON application. The Modification reflects changes in design of the facility to reduce the size of the proposed addition and number of beds to be accommodated. Each of the ten (10) copies of the Modification contains copies of plans for the expanded facility. One full sized copy of these plans is also being submitted for your convenience.

I hereby certify that a copy of this filing has been provided to the local health department and other individuals identified in the distribution list below.

Please let us know if there are any questions about this submission.

Sincerely,



John J. Eller

Enclosures

Paul Parker, Chief

April 26, 2010

Page 2

cc: Ms. Ruby Potter, Health Facilities Coordination Office
Ms. Susan Myers
Earl E. Stoner, Health Officer, Washington County Health Department
Jeffrey J. Renzulli, Esquire
Harry B. Miller MSW, LICSW
Mr. Matthew Neiswanger
Mr. Steven Levin
Marc J. Feldman, Principal
Mr. Andrew Solberg
Howard L. Sollins, Esquire

**NMS Healthcare of Hagerstown
Docket No. 10-21-2307**

CON Modification

In its modified project, NMS Hagerstown ("NMSH") will lease from Marsh Pike, LLC ("Marsh Pike"), a related entity, and relocate 20 beds from Homewood at Williamsport ("Homewood"), and construct space for those twenty beds and additional new rooms required to enable the elimination of all existing three person and four person rooms ("triples" and "quads"). As a result of this reduction in scope of the project, capital costs will be substantially reduced.

Key elements of the project modification are listed below:

1. Marsh Pike will purchase and lease to NMSH 20 beds purchased from Homewood, rather than 43 beds. Options for the use of the remaining 23 Homewood beds in a future, separate project are under review.
2. All existing triples and quads will be eliminated.
3. The new addition will still include two floors, with 28 beds on each floor.
4. The amount of square footage to be constructed is reduced.
5. The amount of renovated space has been increased.
6. While the original project resulted in only 27 private rooms (an increase over the existing 7 private rooms currently at NMSH), the new project results 42 private rooms.
7. The proposed new dining area on the second floor of the new addition will be maintained.
8. The proposed new gymnasium and therapy pool will be maintained.
9. The secured dementia unit will be eliminated.

The Office of Health Care Quality does not consider the existing secured unit at NMSH to be a specialty unit. Similar to the experience in many other facilities with secured units, as residents in the secured unit progress to later stages of dementia, they become bedridden. Once bedridden, they are not in the need of a secured unit. NMSH has often attempted to relocate the non-ambulatory residents to unsecured units (to make the beds in the secured unit available for a more ambulatory resident). However, families often object to the relocation so that the resident will remain in a room in which he or she is familiar. Consequently, the existing secured unit has lost its utility, as it is comprised of predominantly non-ambulatory residents. NMSH has found that the use of Wanderguard for ambulatory residents with dementia has enabled them to live safely in unsecured units. While NMSH previously intended to maintain a secured unit of 13 beds, it has now been determined that the secured unit is not necessary for safe, compassionate care.

Finally, we wish to inform the Commission of an assignment of contract rights regarding the beds being acquired from Homewood. On page 7 of the original CON application submitted on January 8, 2010, NMSH provided organization charts showing NMSH as the tenant/operator of the facility, and Marsh Pike, LLC as the landlord. On the next page, we explained that "While the applicant and the licensee is NMS Healthcare of Hagerstown, the beds are and will be owned by the related party landlord, Marsh Pike, LLC and leased to NMS of Hagerstown." On December 29, 2009, Homewood provided the Commission with a fully executed copy of its Purchase and Sale Agreement (the "PSA") with NMSH for the acquisition of the 43 beds anticipated to be transferred at that time. In light of the fact that Marsh Pike is the landlord and owner

of all beds presently licensed to NMSH, it was necessary to assign the PSA to conform all documentation to reflect Marsh Pike as the owner and landlord with respect to the additional beds being acquired from Homewood. Attached as Exhibit 11, is a copy of the Assignment NMS Healthcare of Hagerstown, LLC, to Marsh Pike, LLC (the "Assignment"). The Assignment references an attached "Asset Purchase Agreement" which is the PSA previously sent to the Commission, with a request that it be treated as confidential commercial information under Maryland law, and is therefore omitted from Exhibit 11.

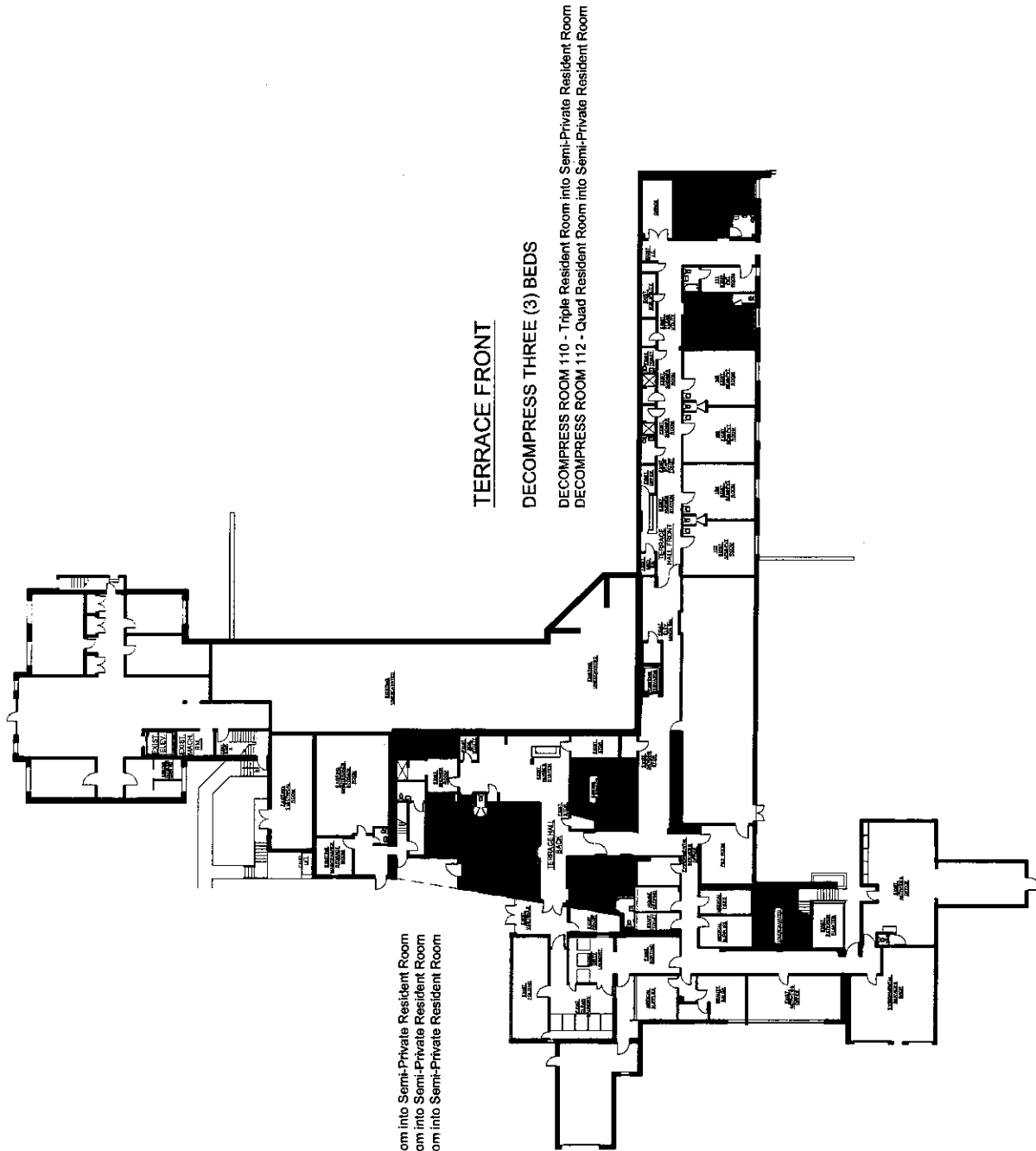
Attached as exhibits are revised Project Drawings, Response to CON Application Question 9 (Current Licensed Capacity and Proposed Changes), Chart 1, Project Budget, MVS Analysis, Table 1 (Statistical Projections), Table 3 (Revenue and Expenses – Entire Facility), Table 5 (Revenue and Expenses – By Service), Table 6 (Manpower), Table 7 (Nurse Staffing), a revised MHCC Physical Bed Chart, and the bed assignment exhibit referenced above. Lastly, on April 22, 2010, Commission Staff asked for a description of the age of the buildings. This has been added as an exhibit.

All other aspects of the project as described and committed to in the CON application are unchanged.

Exhibits

1. Revised Project Drawings
2. Revised Response to CON Application Question 9 Current Licensed Capacity and Proposed Changes
3. Revised Chart 1
4. Revised Project Budget
5. Revised MVS Analysis
6. Revised Table 1
7. Revised Table 3
8. Revised Table 5
9. Revised Tables 6 & 7
10. Revised MHCC Physical Bed Chart
11. Bed Assignment Exhibit
12. Age of Building Exhibit
13. Affirmations

Exhibit 1
Revised Project Drawings



TERRACE BACK

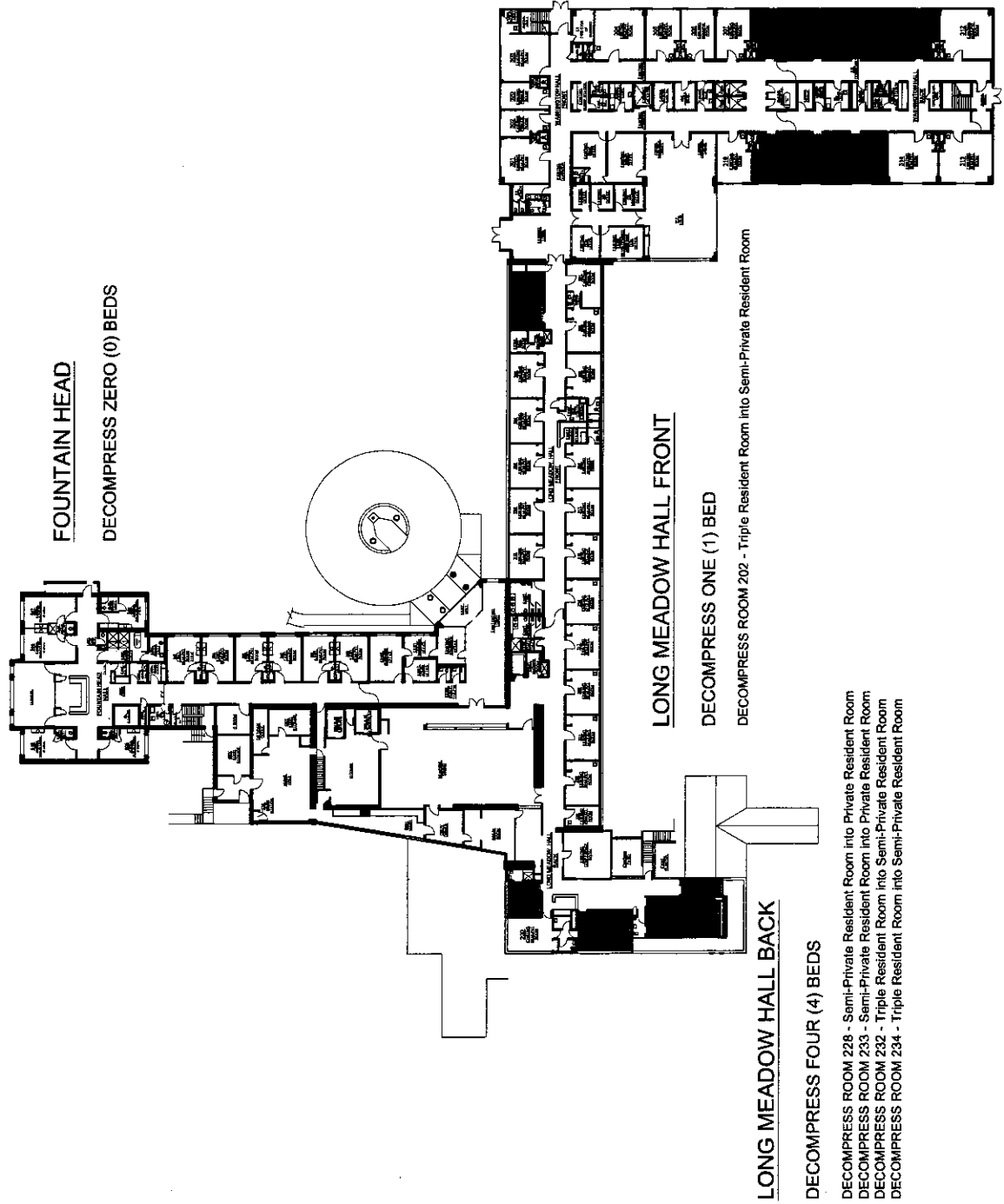
DECOMPRESS FIVE (5) BEDS

DECOMPRESS ROOM 116 - Triple Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 118 - Quad Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 120 - Quad Resident Room into Semi-Private Resident Room

TERRACE FRONT

DECOMPRESS THREE (3) BEDS

DECOMPRESS ROOM 110 - Triple Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 112 - Quad Resident Room into Semi-Private Resident Room



FOUNTAIN HEAD

DECOMPRESS ZERO (0) BEDS

LONG MEADOW HALL FRONT

DECOMPRESS ONE (1) BED

DECOMPRESS ROOM 202 - Triple Resident Room into Semi-Private Resident Room

LONG MEADOW HALL BACK

DECOMPRESS FOUR (4) BEDS

DECOMPRESS ROOM 228 - Semi-Private Resident Room into Private Resident Room
 DECOMPRESS ROOM 233 - Semi-Private Resident Room into Private Resident Room
 DECOMPRESS ROOM 232 - Triple Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 234 - Triple Resident Room into Semi-Private Resident Room

WASHINGTON HALL FRONT

DECOMPRESS TWO (2) BEDS

DECOMPRESS ROOM 308 - Semi-Private Resident Room into Private Resident Room
 DECOMPRESS ROOM 317 - Semi-Private Resident Room into Private Resident Room

WASHINGTON HALL BACK

DECOMPRESS ONE (1) BED

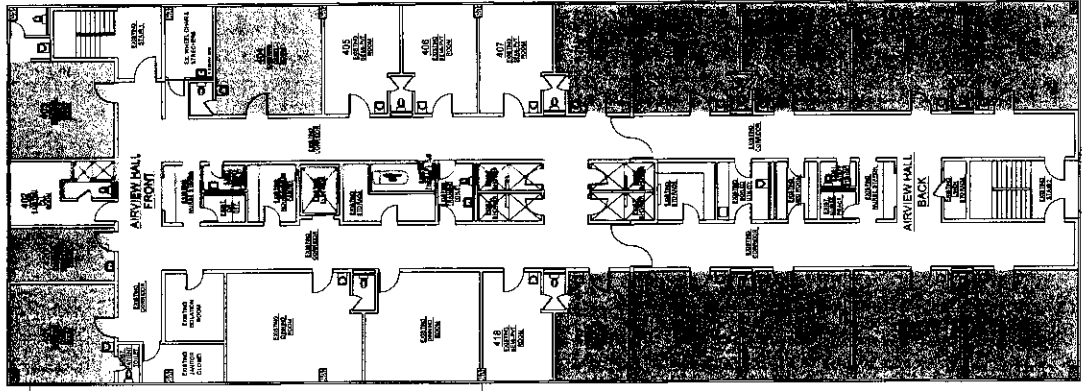
DECOMPRESS ROOM 310 - Triple Resident Room into Semi-Private Resident Room
 CONVERT ROOM 309 - Semi-Private Resident Room into Two Private Resident Rooms
 CONVERT ROOM 311 - Semi-Private Resident Room into Two Private Resident Rooms
 CONVERT ROOM 315 - Semi-Private Resident Room into Two Private Resident Rooms
 CONVERT ROOM 316 - Semi-Private Resident Room into Two Private Resident Rooms

NMS HEALTH CARE OF HAGERSTOWN EXISTING MAIN LEVEL PLAN APRIL 26, 2010

OWNER
 NMS HEALTH CARE OF HAGERSTOWN

Atelier
 ARCHITECTS
 1000 E. 17th Ave., Suite 100
 Denver, CO 80202
 Tel: 303.733.8877

E2



AIR VIEW BACK

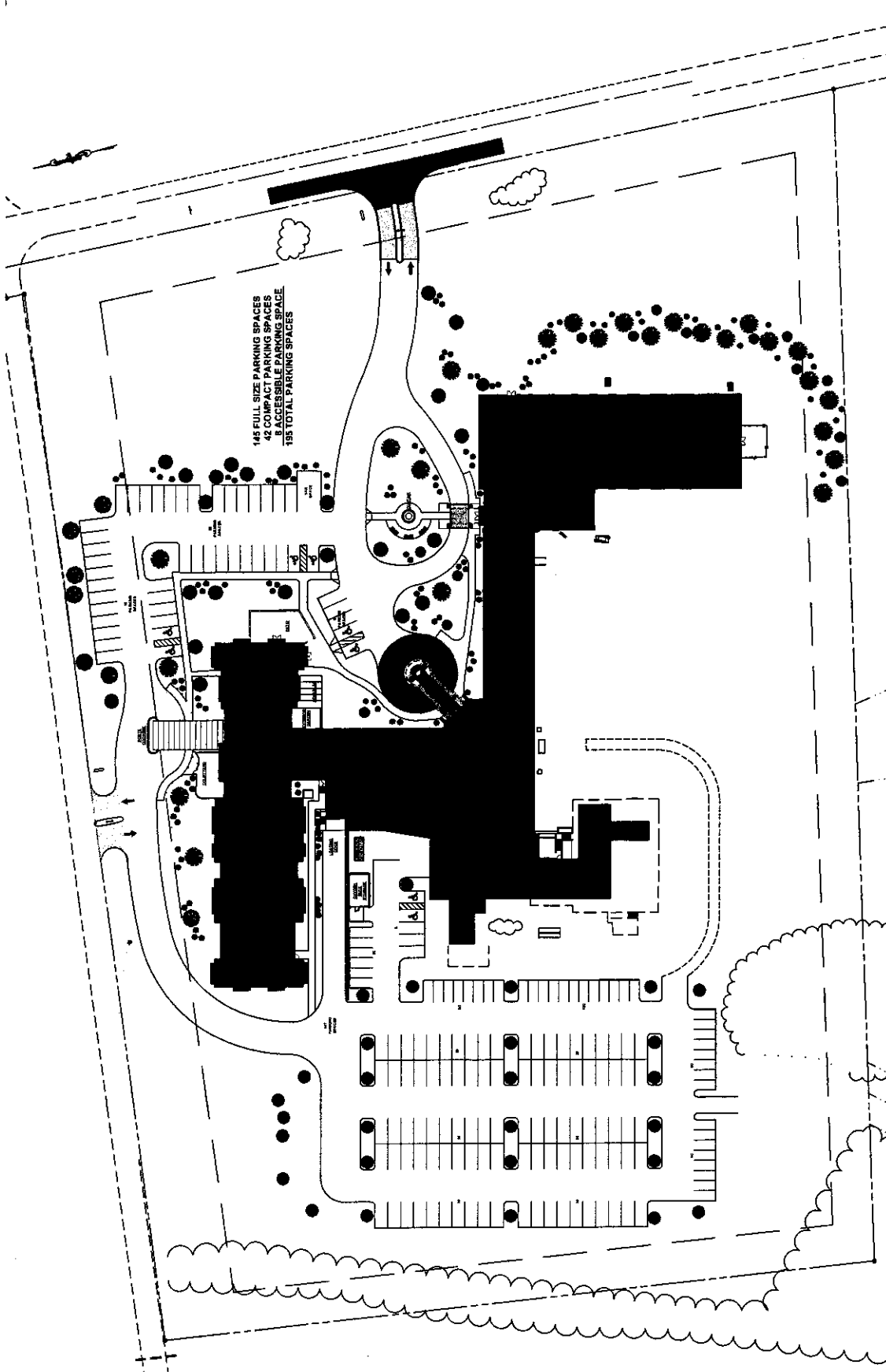
DECOMPRESS EIGHT (8) BEDS

DECOMPRESS ROOM 401 - Quad Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 403 - Triple Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 404 - Quad Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 408 - Semi-Private Resident Room into Private Resident Room
 DECOMPRESS ROOM 417 - Semi-Private Resident Room into Private Resident Room
 DECOMPRESS ROOM 420 - Semi-Private Resident Room into Private Resident Room

AIR VIEW BACK

DECOMPRESS TWELVE (12) BEDS

DECOMPRESS ROOM 409 - Quad Resident Room into Two Private Resident Rooms
 DECOMPRESS ROOM 410 - Quad Resident Room into Two Private Resident Rooms
 DECOMPRESS ROOM 411 - Quad Resident Room into Two Private Resident Rooms
 DECOMPRESS ROOM 412 - Quad Resident Room into Semi-Private Resident Room
 DECOMPRESS ROOM 413 - Dining Room into Semi-Private Resident Room
 DECOMPRESS ROOM 414 - Quad Resident Room into Semi-Private Resident Rooms
 DECOMPRESS ROOM 415 - Quad Resident Room into Two Private Resident Rooms
 DECOMPRESS ROOM 416 - Quad Resident Room into Two Private Resident Rooms



A1

Atelier
ARCHITECTS
1000 17th St NW
Washington, DC 20036
202.462.1000
www.atelierarch.com

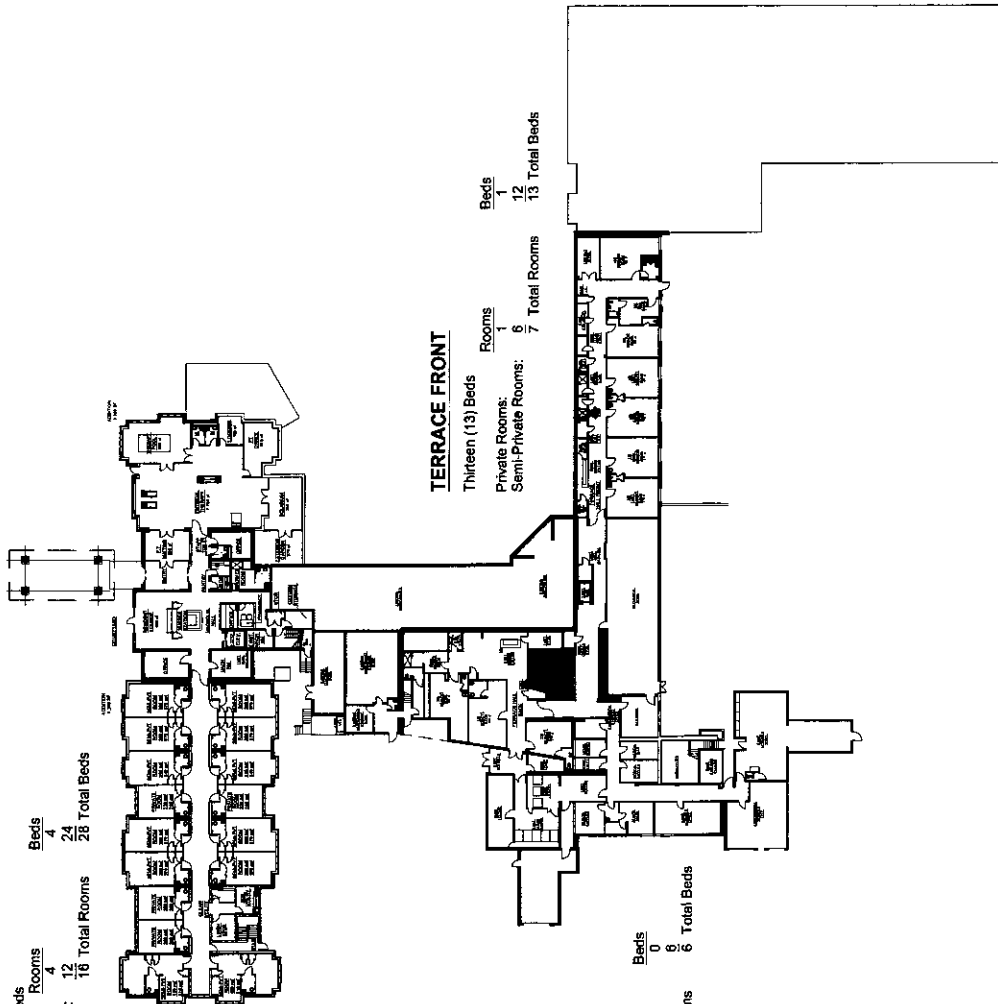
NMS HEALTH CARE OF HAGERSTOWN

OWNER
NMS HEALTH CARE OF HAGERSTOWN

PROPOSED SITE PLAN
SCALE: 1/4" = 1'-0"
APRIL 20, 2010

BELLE MANOR

Twenty Eight (28) Beds
 Private Rooms: 4
 Semi-Private Rooms: 12
 16 Total Rooms
 24
 28 Total Beds



TERRACE FRONT

Thirteen (13) Beds
 Private Rooms: 1
 Semi-Private Rooms: 6
 7 Total Rooms
 12
 13 Total Beds

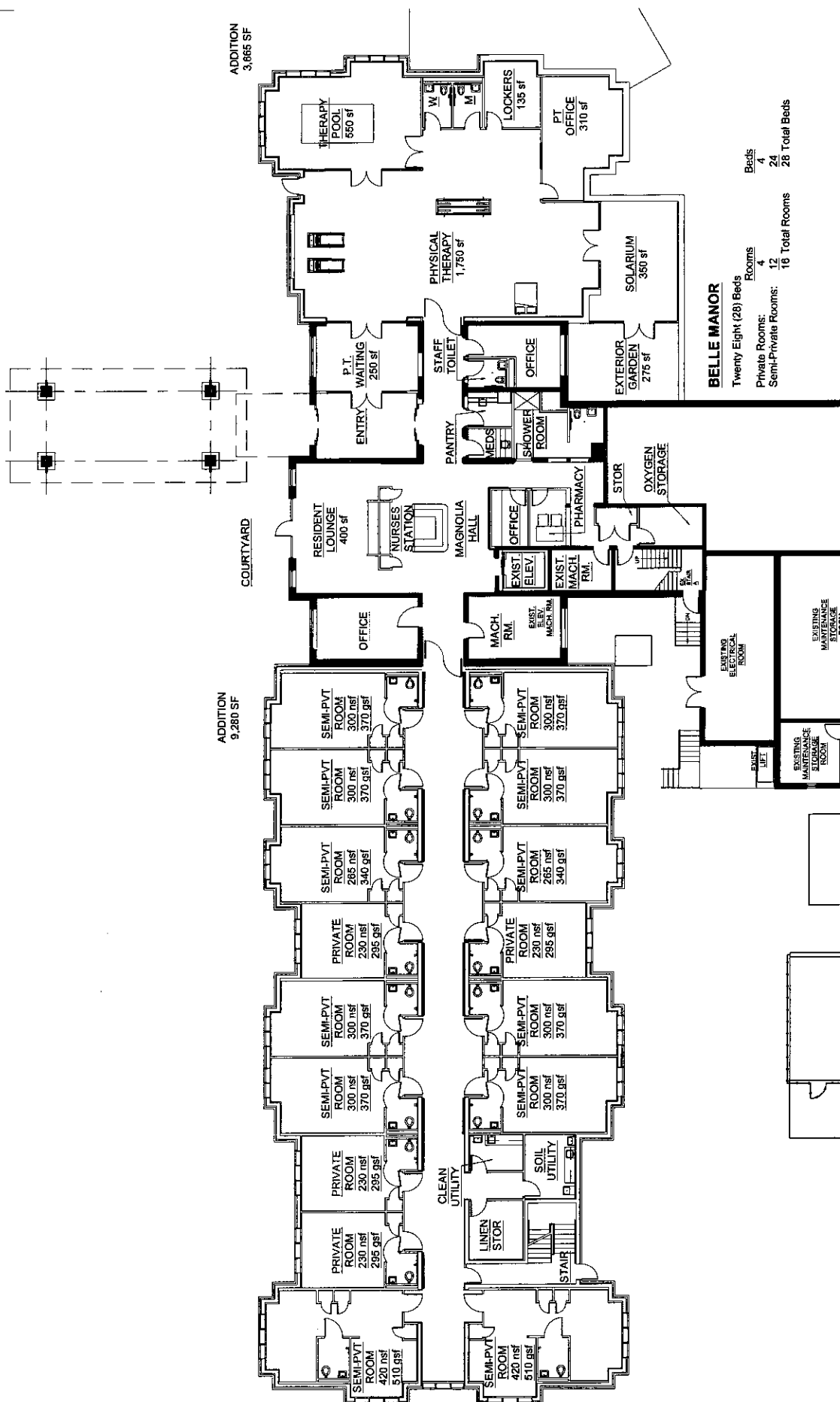
TERRACE BACK

Six (6) Beds
 Private Rooms: 0
 Semi-Private Rooms: 3
 3 Total Rooms
 0
 6 Total Beds

PROPOSED LOWER LEVEL PLAN - ADDITION

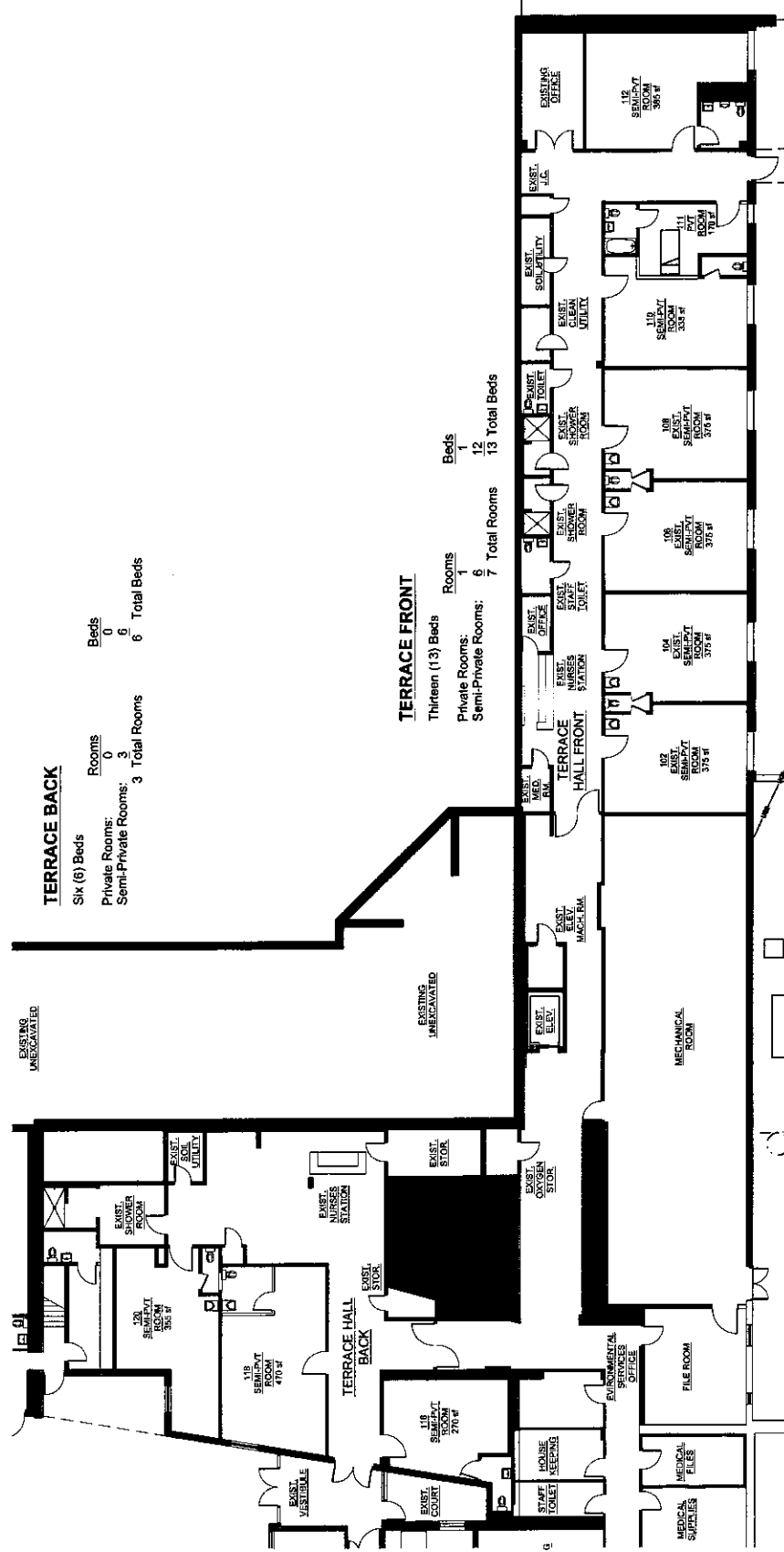
SCALE: 1"=1'-0"

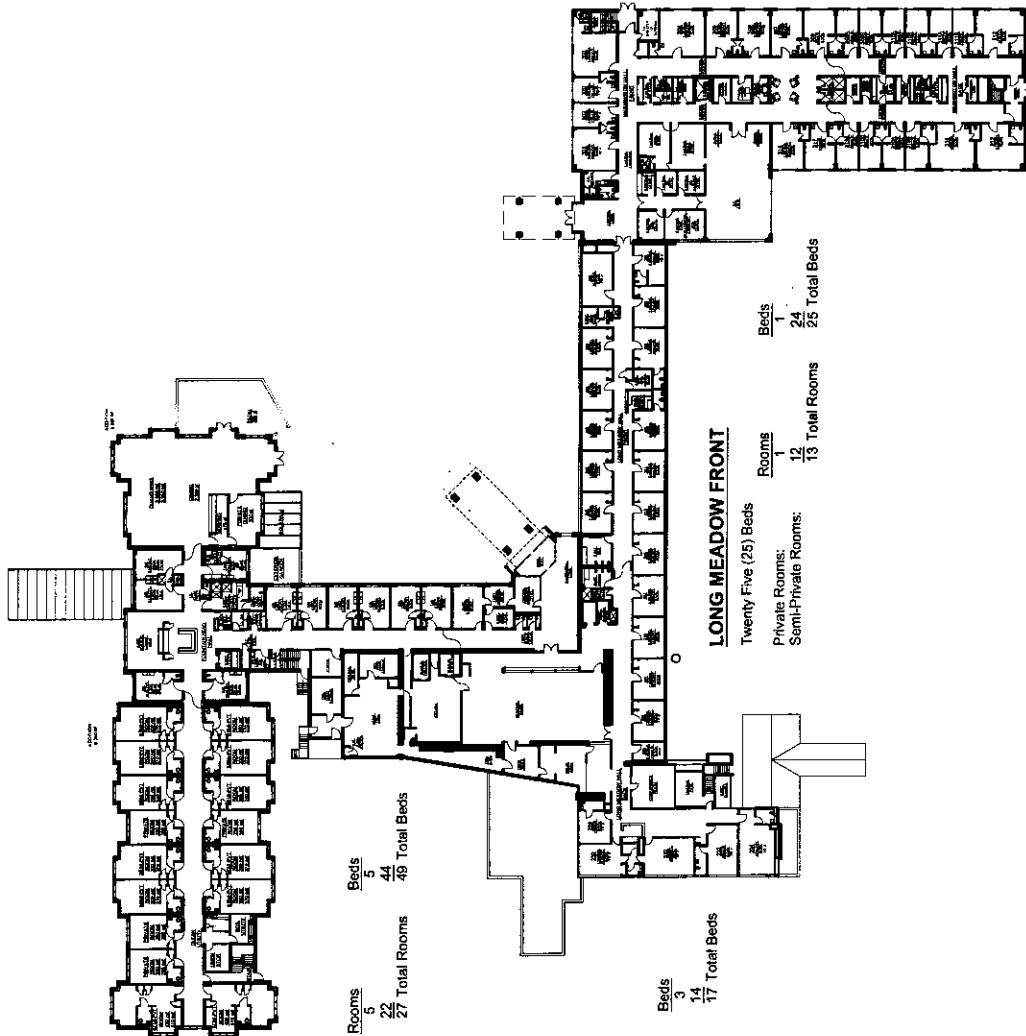
OWNER
MNS HEALTH CARE OF HAGERSTOWN



PROPOSED LOWER LEVEL PLAN - TERRACE

APRIL 20, 2014





FOUNTAIN HEAD
 Forty Nine (49) Beds
 Private Rooms: 22
 Semi-Private Rooms: 27
 Total Rooms: 49
 Total Beds: 49

LONG MEADOW BACK
 Seventeen (17) Beds
 Private Rooms: 7
 Semi-Private Rooms: 10
 Total Rooms: 17
 Total Beds: 17

LONG MEADOW FRONT
 Twenty Five (25) Beds
 Private Rooms: 12
 Semi-Private Rooms: 13
 Total Rooms: 25
 Total Beds: 25

WASHINGTON HALL FRONT
 Eighteen (18) Beds
 Private Rooms: 7
 Semi-Private Rooms: 11
 Total Rooms: 18
 Total Beds: 18

WASHINGTON HALL BACK
 Sixteen (16) Beds
 Private Rooms: 10
 Semi-Private Rooms: 6
 Total Rooms: 16
 Total Beds: 16

NMS HEALTH CARE OF HAGERSTOWN

PROPOSED MAIN LEVEL PLAN

OWNER
 NMS HEALTH CARE OF HAGERSTOWN

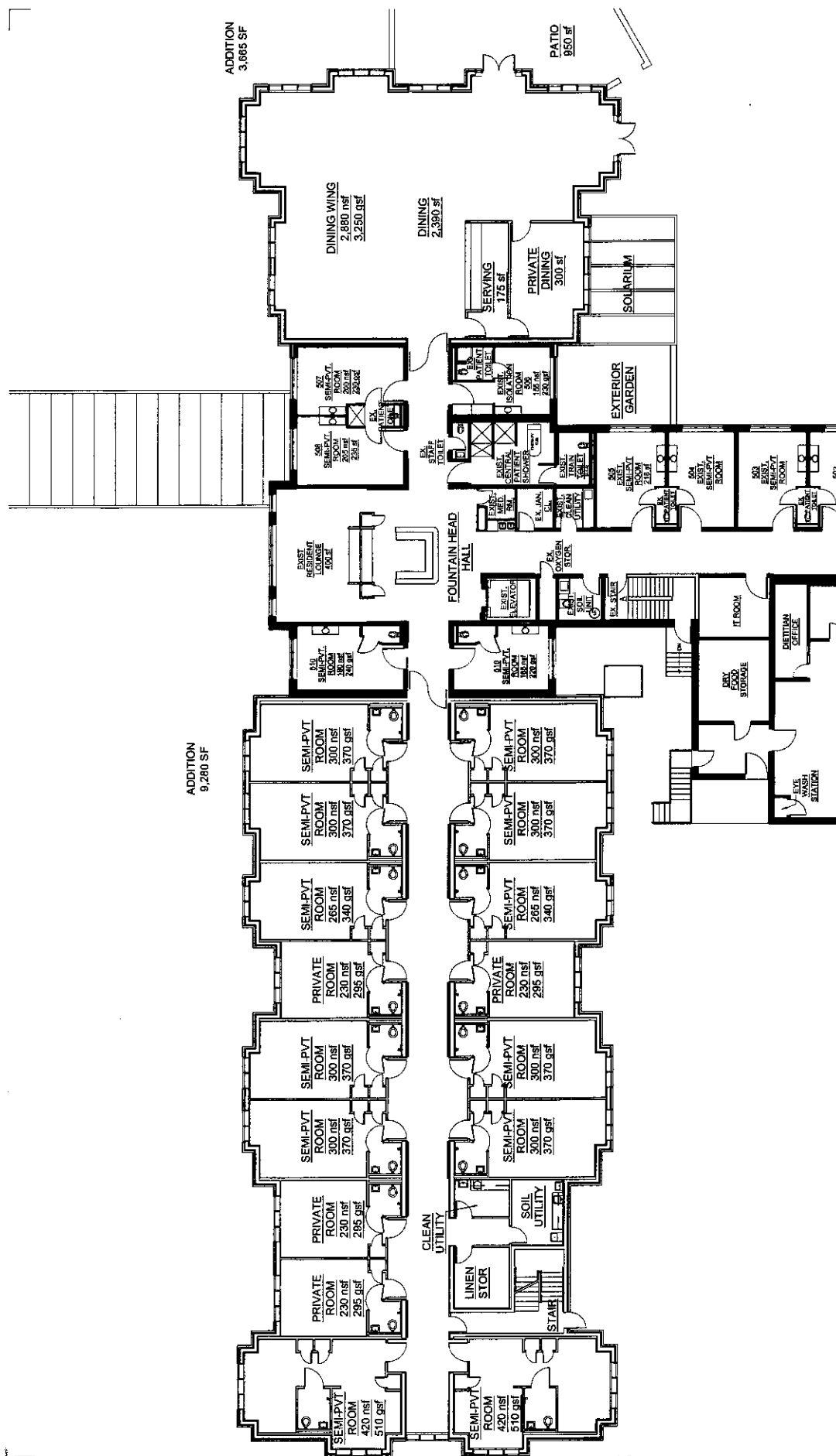
Atelier
 1000 17th Street, NW
 Suite 1000
 Washington, DC 20036
 (202) 462-1000
 www.atelierarchitects.com

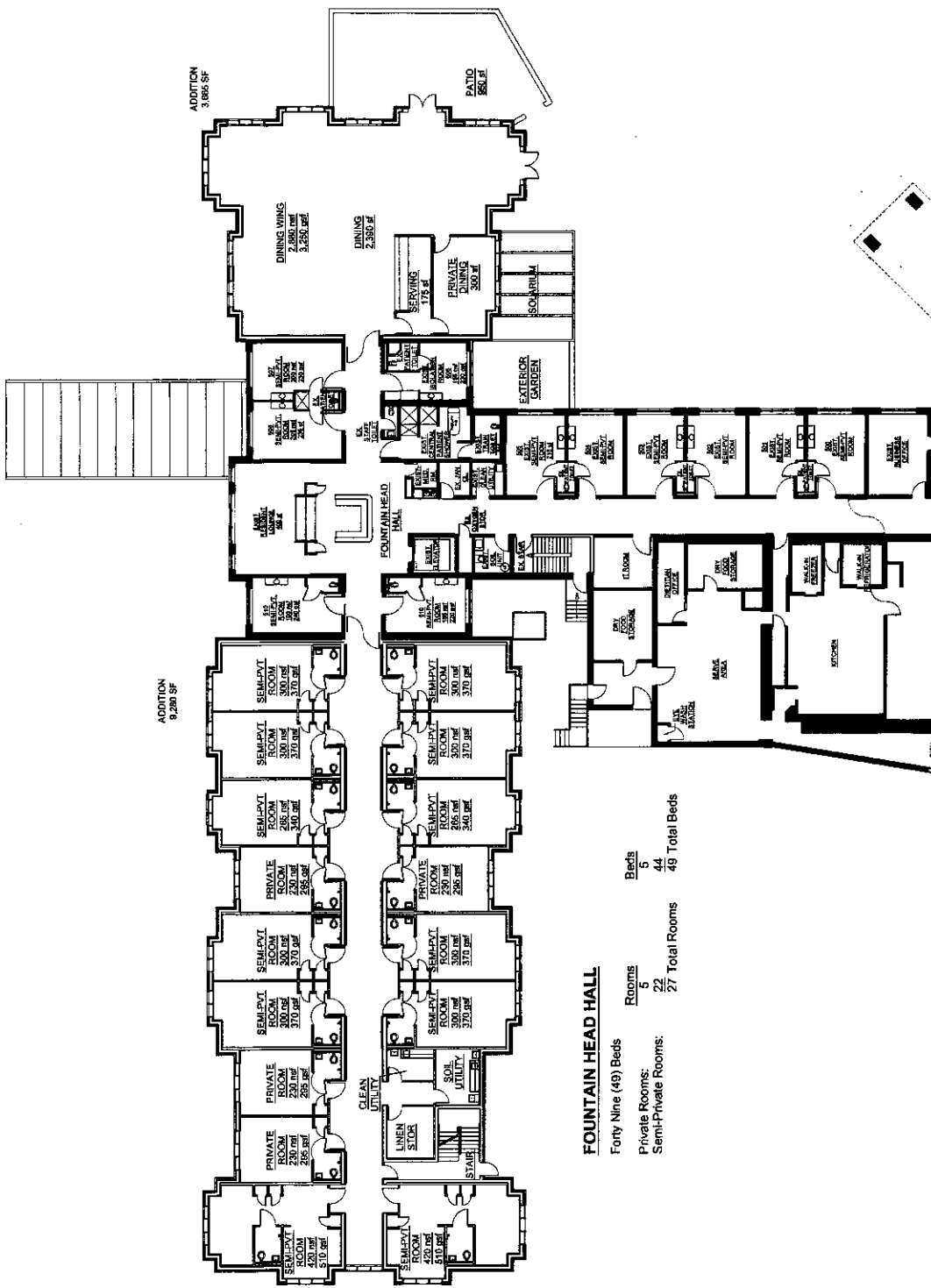
APRIL 20, 2010

A6

PROPOSED MAIN LEVEL PLAN - ADDITION

SCALE: 1"=1'-0"
APRIL 20, 2010





ADDITION
9,280 SF

ADDITION
3,895 SF

FOUNTAIN HEAD HALL

Forty Nine (49) Beds	Rooms	Beds
Private Rooms:	5	5
Semi-Private Rooms:	22	44
	27 Total Rooms	49 Total Beds

NMS HEALTH CARE OF HAGERSTOWN

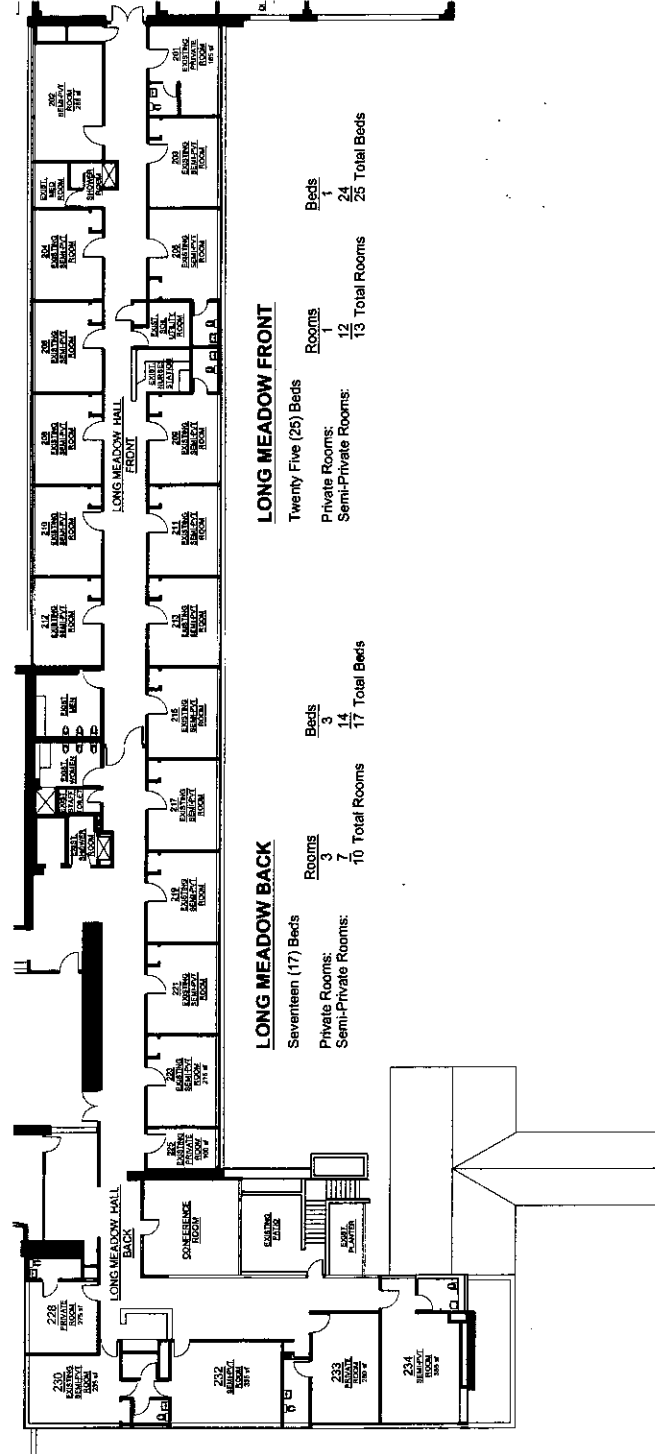
PROPOSED MAIN LEVEL PLAN - FOUNTAIN HEAD

SCALE: 1/4"=1'-0"
APRIL 18, 2010



A7

OWNER
NMS HEALTH CARE OF HAGERSTOWN



A8

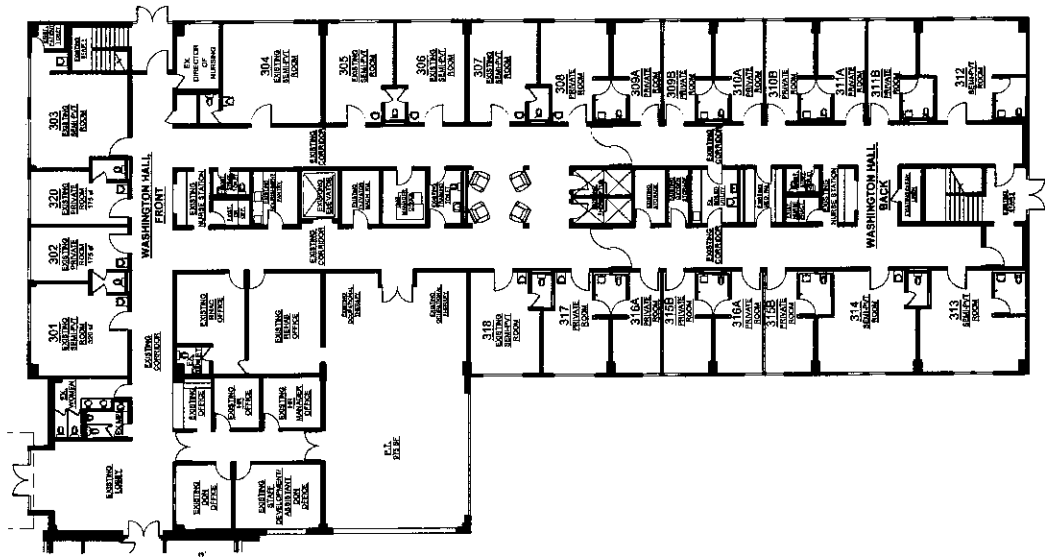
Atelier

NMS HEALTH CARE OF HAGERSTOWN

PROPOSED MAIN LEVEL PLAN - LONG MEADOW

SCALE: 1/8"=1'-0"
 APRIL 28, 2018

OWNER
 MNS HEALTH CARE OF HAGERSTOWN



WASHINGTON HALL FRONT

Eighteen (18) Beds

Private Rooms:	4	Beds	4
Semi-Private Rooms:	7	Beds	14
Total Rooms:	11	Total Beds:	18

WASHINGTON HALL BACK

Sixteen (16) Beds

Private Rooms:	10	Beds	10
Semi-Private Rooms:	3	Beds	6
Total Rooms:	13	Total Beds:	16

NMS HEALTH CARE OF HAGERSTOWN

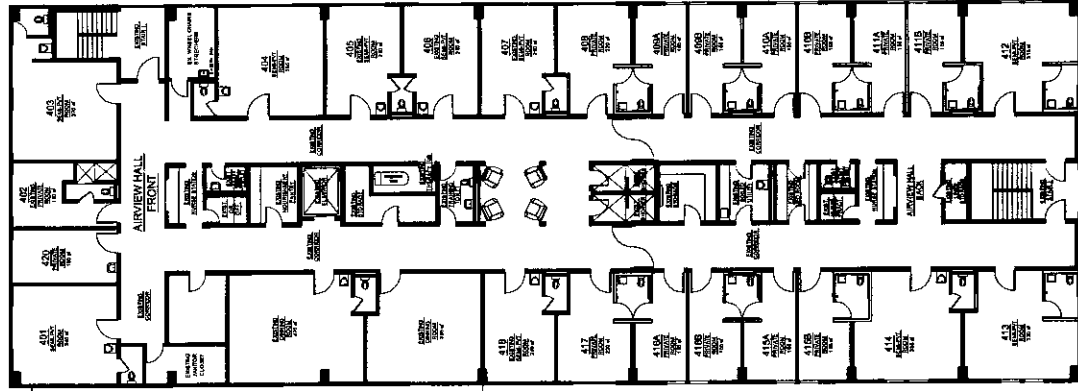
PROPOSED MAIN LEVEL PLAN - WASHINGTON HALL

SCALE: 1/4"=1'-0"
APRIL 18, 2019

OWNER
NMS HEALTH CARE OF HAGERSTOWN

Atelier
ARCHITECTS
1000 15th Street, NW
Washington, DC 20004
202.462.1000
www.atelierarchitects.com

A9



AIR VIEW FRONT

Eighteen (18) Beds

Private Rooms:
Semi-Private Rooms:

Rooms	Beds
4	4
7	14
11 Total Rooms	18 Total Beds

AIR VIEW BACK

Sixteen (16) Beds

Private Rooms:
Semi-Private Rooms:

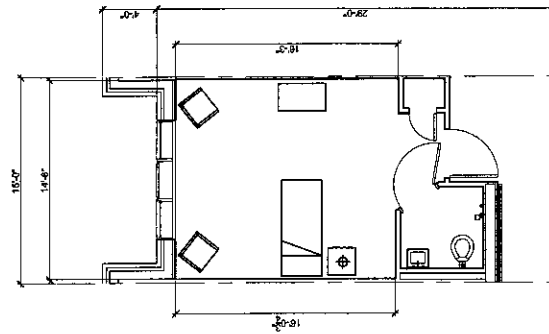
Rooms	Beds
10	10
3	6
13 Total Rooms	16 Total Beds

NMS HEALTH CARE OF HAGERSTOWN

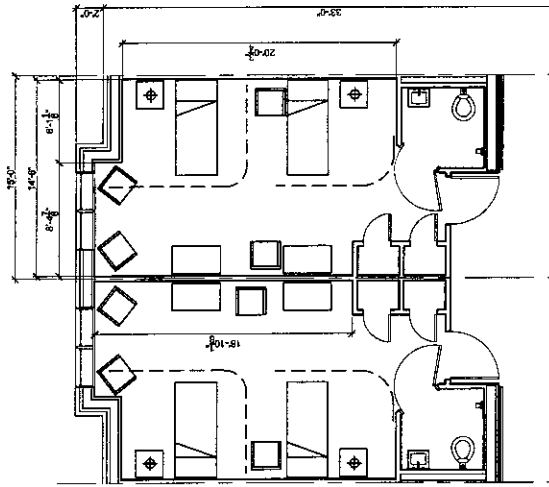
PROPOSED UPPER LEVEL PLAN - AIR VIEW

SCALE: 1/8"=1'-0"
APRIL 20, 2010

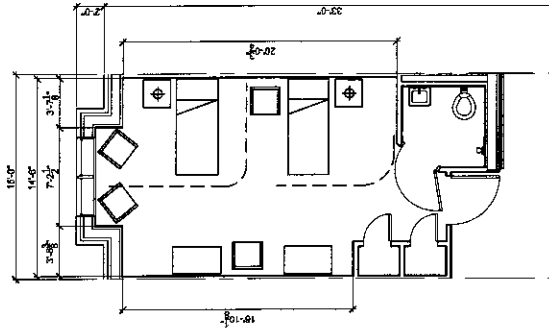
OWNER
NMS HEALTH CARE OF HAGERSTOWN



**PRIVATE
ROOM**
230 nsf
295 gsf



**SEMI-PVT
ROOM**
300 nsf
375 gsf



**SEMI-PVT
ROOM**
295 nsf
370 gsf

NMS HEALTH CARE OF HAGERSTOWN

PROPOSED TYPICAL RESIDENT ROOM PLANS

OWNER
NMS HEALTH CARE OF HAGERSTOWN

Atelier
ARCHITECTS
P.C.

A11

SCALE: 1/4" = 1'-0"
APRIL 20, 2010

Exhibit 2
Revised Chart in Response to CON Application Question 9 - Current Licensed
Capacity and Proposed Changes

9. Current Licensed Capacity and Proposed Changes:

Service	Unit Description	Currently Licensed/ Certified	Units to be Added or Reduced	Total Units if Project is Approved
Comprehensive Care	Beds	<u>186/0</u>	20	206
Assisted Living	Beds	<u> </u> / <u> </u>		
Extended Care	Beds	<u> </u> / <u> </u>		
Adult Day Care	"Slots"	<u> </u> / <u> </u>		
Other (Specify)		<u> </u> / <u> </u>		
		<u>186/0</u>	20	206

Exhibit 3
Revised Chart 1

Chart 1. Project Construction Characteristics and Costs

Chart 1. Project Construction Characteristics and Costs		
Base Building Characteristics	Complete if Applicable	
	New Construction	Renovation
Class of Construction		
Class A		
Class B		
Class C	X	X
Class D		
Type of Construction/Renovation		
Low		
Average		
Good		
Excellent	X	X
Number of Stories	2	3
Total Square Footage		
Lower Level	12,950 sf	3,500 sf
Main Level	12,530 sf	6,580 sf
Upper Level	NA	6,580 sf
Perimeter in Linear Feet		
Lower Level	700 ft	250 ft
Main Level	660 ft	260 ft
Upper Level	NA	260 ft
Wall Height (floor to eaves) (floor to floor)		
Lower Level	12 ft	12 ft
Main Level	13 ft	13 ft
Upper Level	NA	13 ft
Elevators		
Type	Passenger	Existing Hospital

Freight		
Number		1
Sprinklers (Wet or Dry System)		Wet
Type of HVAC System		Thru wall at resident rooms and central air for public areas
Type of Exterior Walls		Brick cavity wall with load bearing CMU

Chart 1. Project Construction Characteristics and Costs (cont.)		
	Costs	Costs
Site Preparation Costs	\$870,718	\$
Normal Site Preparation*	\$197,818	
Demolition	\$47,700	\$128,954
Storm Drains	\$52,000	
Rough Grading	\$120,700	
Hillside Foundation		
Terracing		
Pilings		
Offsite Costs		\$
Roads	\$300,000	
Utilities (Relocation)	\$30,000	
Jurisdictional Hook-up Fees		
Signs	\$3,500	\$1,320
Premium for Phasing due to Occupied Setting	\$0	
Canopies	\$165,000	
Landscaping	\$119,000	\$

Exhibit 4
Revised Project Budget

A. Use of Funds

1 Capital Costs:

a. New Construction

1 Building	<u>\$3,719,282</u>
2 Fixed Equipment (not included in construction)	<u> </u>
3 Land Purchase	<u> </u>
4 Site Preparation	<u>\$870,718</u>
5 Architect/Engineering Fees	<u>\$529,826</u>
6 Permits, (Building, Utilities, Etc)	<u>\$81,512</u>

SUBTOTAL \$5,201,338

b. Renovations

1 Building	<u>\$1,260,000</u>
2 Fixed Equipment (not included in construction)	<u> </u>
3 Architect/Engineering Fees	<u>\$62,376</u>
4 Permits, (Building, Utilities, Etc.)	<u>\$4,678</u>

SUBTOTAL \$1,327,054

c. Other Capital Costs

1 Major Movable Equipment	<u>\$268,796</u>
2 Minor Movable Equipment	<u>\$337,054</u>
3 Contingencies	<u>\$580,000</u>
4 Other (Bed Purchase)	<u>\$150,000</u>

SUBTOTAL \$1,335,850

TOTAL CURRENT CAPITAL COSTS \$7,864,242

(a - c)

d. Non Current Capital Cost

3	Gifts, bequests	
4	Interest income (gross)	
5	Authorized Bonds	
6	Mortgage	\$8,561,910
7	Working capital loans	
8	Grants or Appropriation	
	(a) Federal	
	(b) State	
	(c) Local	
9	Other (Landlord Contribution)	
	(Loan)	

TOTAL SOURCES OF FUNDS (1-9)	\$9,513,233
------------------------------	-------------

Exhibit 5
Revised MVS Analysis

Comparison of Project Costs to the Marshall Valuation Service Benchmark

The project costs for this project are compared to the Marshall Valuation Service benchmark below. First, the costs for new construction are compared, followed by the costs for renovation.

I. Marshall Valuation Service Benchmark for New Construction

Type	Convalescent Hospital
Construction Quality/Class	Excellent/C
Stories	2
Perimeter	680
Height of Ceiling	12.50
Square Feet	25,480
f.1 Average floor Area	12,950.00

A. Base Costs

Basic Structure	\$206.97
Elimination of HVAC cost for adjustment	0
HVAC Add-on for Mild Climate	0
HVAC Add-on for Extreme Climate	0
Total Base Cost	\$206.97

B. Additions

Elevator (If not in base)	\$0.00
Other	\$0.00
Subtotal	\$0.00

Total	\$206.97
--------------	-----------------

C. Multipliers

Perimeter Multiplier	0.982435
Product	\$203.33
Height Multiplier (plus/minus from 12')	1.023
Product	\$208.01
Multi-story Multiplier (0.5%/story above 3)	1.0115
Product	\$210.40

D. Sprinklers

Sprinkler Amount 3.3764

Subtotal \$213.78

E. Update/Location Multipliers

Update Multiplier 1.04

Product \$222.33

Location Multiplier 0.96

Product \$213.44

Final Square Foot Cost Benchmark **\$213.44**

II. Project Costs**II. The Project****A. Base Calculations****Actual**

New Construction \$3,719,282

Extraordinary Cost Adjustments**Project Costs**

Premium for Phasing due to Occupied Setting \$148,771

Canopies \$165,000

Subtotal \$313,771

Adjusted Building **\$3,405,511**

Capitalized Construction Interest **\$136,220**

Fixed Equipment

Site Preparation \$870,718

Extraordinary Cost Adjustments**Project Costs**

Demolition \$47,700

Storm Drains \$52,000

Rough Grading \$120,700

Roads \$300,000

Utilities (Relocation) \$30,000

Signs \$3,500

Therapy Pool \$174,635

Landscaping \$119,000

Subtotal	\$847,535
Adjusted Site Preparation	\$23,183
Architectural Fees	\$529,826
Permits	\$81,512
Total	\$4,176,252
Per Sq. Foot	\$163.90

III. Comparison

III. Comparison

A. Adjusted Project Cost/Sq. Ft.	\$163.90
B. Marshall & Swift Sq. Ft. Standard	\$213.44

The project costs are lower than the MVS benchmark.

IV. Marshall Valuation Service Benchmark for Renovation

Type	Convalescent Hospital
Construction Quality/Class	Excellent/C
Stories	3
Perimeter	256.67
Height of Ceiling	12.79
Square Feet	16,660
f.1 Average floor Area	5,553.33
A. Base Costs	
Basic Structure	\$206.97
Elimination of HVAC cost for adjustment	0
HVAC Add-on for Mild Climate	0
HVAC Add-on for Extreme Climate	0
Total Base Cost (sum of g,h,i, and j)	\$206.97
B. Additions	
Elevator (If not in base)	\$0.00
Other	\$0.00
Subtotal	\$0.00

Total	\$206.97
C. Multipliers	
Perimeter Multiplier	0.965459111
Product	\$199.82
Height Multiplier (plus/minus from 12')	1.018168067
Product	\$203.45
Multi-story Multiplier (0.5%/story above 3)	1
Product	\$203.45
D. Sprinklers	
Sprinkler Amount	1.733333333
Subtotal	\$205.18
E. Update/Location Multipliers	
Update Multiplier	1.03
Product	\$211.34
Location Multiplier	0.96
Product	\$202.89
Final Square Foot Cost Benchmark	\$202.89

V. Project Costs

A. Base Calculations	Actual
Building	<u>\$1,260,000</u>
Extraordinary Cost Adjustments	
	Project Costs
Demolition	\$128,954
Signs	\$1,320
Subtotal	\$130,274
Adjusted Building	\$1,129,726
Capitalized Construction Interest	\$45,189
Fixed Equipment	

Site Preparation	
Architectual Fees	\$62,376
Permits	\$4,678
Total	\$1,241,969
Per Sq. Foot	\$74.55

VI. Comparison

A. Adjusted Project Cost/Sq. Ft.	\$74.55
B. Marshall & Swift Sq. Ft. Standard	\$202.89

NMSH's renovation costs are below the MVS benchmark.

Exhibit 6
Revised Table 1

[[INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]]

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)		
CY or FY (Bold)	2007	2008	2009	2010	2011	2012
1. Admissions						
a. ECF						
b. Comprehensive	581	550	610	620	652	660
c. Assisted Living						
d. Respite Care*						
e. Adult Day Care						
f. Other (Specify)						
g. TOTAL	581	550	610	620	652	660
2. Patient Days						
a. ECF						
b. Comprehensive	67,819	66,266	66,829	66,096	69,123	73,365
c. Assisted Living						
d. Respite Care*						
e. Adult Day Care						
f. Other (Specify)						
g. TOTAL	67,819	66,266	66,829	66,096	69,123	73,365
3. Occupancy Percentage						
a. ECF						
b. Comprehensive	99.9%	97.6%	98.4%	97.4%	91.9%	97.6%
c. Assisted Living						
d. Respite Care*						
e. Adult Day Care						

f. Other (Specify)						
g. TOTAL	99.9%	97.6%	98.4%	97.4%	91.9%	97.6%

	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)		
CY or FY (Bold)	2007	2008	2009	2010	2011	2012
4. Number of Beds						
a. ECF						
b. Comprehensive	186	186	186	186	206	206
c. Assisted Living						
d. Respite Care*						
e. Adult Day Care						
f. Other (Specify)						
g. TOTAL	186	186	186	186	206	206

* Number of beds and occupancy percentage should be reported on the basis of licensed beds. Respite care admissions, patient days and number of beds should **not** be included in "comprehensive care" or "domiciliary care" categories.

** Average number of licensed beds based on nine months at 186 beds and three months at 229.

Exhibit 7
Revised Table 3

(INSTRUCTIONS: Table 3, "Revenue and Expenses - Entire Facility (including the proposed project)" is to be completed by existing facility applicants only. Applicants for new facilities should not complete Table 3. Table 4, "Revenues and Expenses - Proposed Project," is to be completed by each applicant for the proposed project only. Table 5, "Revenues and Expenses (for the first full year of utilization)", is to be completed by each applicant for each proposed service in the space provided. Specify whether data are for calendar year or fiscal year. All projected revenue and expense figures should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application. Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses.)

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

CY or FY (Bold)	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)		
	2007	2008	2009	2010	2011	2012
1. Revenues						
a. Inpatient Services	\$15,535,299	\$17,233,194	\$18,001,833	\$19,429,411	\$22,776,382	\$24,762,483
b. Outpatient Services						
c. Gross Patient Service Revenues	\$15,535,299	\$17,233,194	\$18,001,833	\$19,429,411	\$22,776,382	\$24,762,483
d. Allowance for Bad Debt	\$518,565	\$287,523	\$239,743	\$300,000	\$400,000	\$400,000
e. Contractual Allowance						
f. Charity Care						
g. Net Patient Care Service Revenues	\$15,016,734	\$16,945,671	\$17,762,090	\$19,129,411	\$22,376,382	\$24,362,483
h. Other Operating Revenues (Laundry, Cable/ TV, Vending Machine, Employee Meals, Telephone, Vendor Rebate, Medical Record Purchase, Other Income, GNA School, Recovery of Bad Debt)	\$46,791	\$45,629	(\$5,396)			
i. Total Operating Revenues	\$15,063,525	\$16,991,300	\$17,756,695	\$19,129,411	\$22,376,382	\$24,362,483
2. Expenses						
a. Salaries, Wages and Professional Fees (including fringe benefits)	\$8,582,250	\$9,816,924	\$8,159,689	\$9,555,122	\$11,089,132	\$11,642,166
b. Contracted Services (Med Dir, Pharmacy, Therapy, Other Patient Care, Lab, Radiology, Plant Mnt, Social Worker, Admin)	\$960,162	\$1,151,267	\$1,394,626	\$2,425,403	\$2,659,476	\$3,536,183
c. Interest on Current Debt						
d. Interest on Project Debt						

e. Current Depreciation	\$86,500	\$165,285	\$177,180	\$165,000	\$215,000	\$215,000
f. Project Depreciation						
g. Current Amortization						
h. Project Amortization						
i. Supplies	\$577,063	\$485,825	\$461,164	\$548,347	\$898,503	\$1,227,317
j. Other Expenses (Employee Expense, Pharmacy -Drug, Other Services, Linen Replacement And Disposable, Utilities, Repair And Maintenance, Trash Removal, Travel And Auto, Management Fees, Insurance, Taxes And Licenses, Travel And Meals, Payroll Taxes And Insurance, Training Meeting And Fees, Telephone, Computer Software And Support, Advertising, Dues And Subscription, Equipment Lease, Information Technology, General Expenses, Data Processing, Rent)	\$4,835,505	\$5,407,878	\$7,446,209	\$6,284,912	\$7,320,944	\$7,546,812
k. Total Operating Expenses	\$15,041,480	\$17,027,179	\$17,638,868	\$18,978,784	\$22,183,055	\$24,167,478

Table 3 Continued		Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
QY or FY (Bold)	2007	2008	2009	2010	2011	2012
3. Income						
a. Income from Operations	\$22,045	(\$35,879)	\$117,827	\$150,627	\$193,327	\$195,005
b. Non-Operating Income (Interest income, Interest Expense)	(\$4,461)	\$2,069	(\$3,478)	(\$4,500)	(\$4,500)	(\$4,500)
c. Subtotal	\$17,584	(\$33,810)	\$114,350	\$146,127	\$188,827	\$190,505
d. Income Taxes						
e. Net Income (Loss)--not incl. depreciation	\$17,584	(\$33,810)	\$114,350	\$146,127	\$188,827	\$190,505

4. Patient Mix:

A. Percent of Net Patient Service Revenues

1) Medicare	30.1%	31.5%	36.1%	40.8%	36.8%	36.3%
2) Medicaid	57.8%	54.0%	46.3%	46.7%	51.3%	51.1%
3) Commercial Insurance	1.6%	3.4%	3.3%	0.0%	0.0%	0.0%
4) Self-Pay	7.3%	6.6%	4.2%	5.4%	5.3%	5.7%
5) Other (HMO)	3.2%	4.5%	10.2%	7.0%	6.6%	6.9%
6) TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

B. Percent of Patient Days by Payor Source

1) Medicare	17.6%	20.2%	22.4%	27.6%	28.0%	28.3%
2) Medicaid	69.7%	64.7%	60.2%	60.2%	59.1%	57.7%
3) Commercial Insurance	0.6%	2.3%	1.9%	0.0%	0.0%	0.0%
4) Self-Pay	8.8%	7.9%	4.4%	6.6%	7.2%	8.0%
5) Other (HMO)	3.3%	4.9%	11.1%	5.5%	5.7%	6.0%
6) TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 8
Revised Table 5

TABLE 5. REVENUES AND EXPENSES - (for first full year at full utilization)

(INSTRUCTION: Group revenues and expenses by service category)

	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
CY or FY (Bold)	2012						
1. Revenues							
a. Inpatient Services	\$24,762,483						\$24,762,483
b. Outpatient Services							\$0
c. Gross Patient Service Revenue	\$24,762,483	\$0	\$0	\$0	\$0	\$0	\$24,762,483
d. Allowance for Bad Debt	\$400,000						\$400,000
e. Contractual Allow.							\$0
f. Charity Care							\$0
g. Net Patient Care Services Revenue	\$24,362,483						\$24,362,483
h. Other Operating Revenue (Specify)							\$0
i. Total Operating Revenues	\$24,362,483	\$0	\$0	\$0	\$0	\$0	\$24,362,483
2. Expenses							
a. Salaries, Wages and Professional Fees (including fringe benefits)	\$11,642,166						\$11,642,166
b. Contracted Serv.	\$3,536,183						\$3,536,183
c. Interest on Current Debt							\$0
d. Interest on Project Debt							\$0
e. Current Depreciation	\$215,000						\$215,000
f. Project Depreciation							\$0
g. Current Amortization							
h. Project Amortization							
i. Supplies	\$1,227,317						\$1,227,317

C. Medicaid Analysis		
	Patient Days	Daily Rates
a. Light	2,555	\$ 178.86
b. Moderate	8,030	\$ 198.02
c. Heavy	17,520	\$ 202.10
d. Heavy Special	5,475	\$ 229.73
e. TOTAL	33,580	

Exhibit 9
Revised Tables 6 & 7

TABLE 7. NURSING STAFFING PATTERN

(INSTRUCTION: On the chart below, delineate the proposed nursing staffing pattern for patient care units or services. If your staffing pattern varies among units or services, complete a separate chart for each unit)

Scheduled Staff for Typical Work Week

	WEEKDAY			WEEKEND/HOLIDAY		
	D	E	N	D	E	N
Staff Category						
R.N.	3	3	3			
L.P.N.	9	9	9			
AIDES	22	20	16			
MEDICINE AIDE	5	5	0			
OTHER (Specify)						

Key: D - Day Shift
E - Evening Shift
N - Night Shift

If staff will not differ between "weekday" and "weekend/holiday", please indicate Staff do not differ.

Exhibit 10
MHCC Bed Chart

Facility Name: NMS Healthcare of Hagerstown

Date: 4/9/2010

Location (Floor/Wing)	Existing							Location (Floor/Wing)	After Project Completion							NOTES
	Room Count					Bed Count Physical Capacity	Room Count					Bed Count Physical Capacity				
	Total Rooms	4 Person Rooms	3 Person Rooms	Semi- Private	Private		Total Rooms		4 Person Rooms	3 Person Rooms	Semi- Private		Private			
Lower Terrace	10	3	2	4	1	27		Lower Terrace	10	0	0	9	1	19		
1/Fountain Head	11	0	0	10	1	21		1/Fountain Head	27	0	0	22	5	49		
1/Washington Hall Front	11	0	0	9	2	20		1/Washington Hall Front	11	0	0	7	4	18		
1/Washington Hall Back	8	0	1	7	0	17		1/Washington Hall Back	13	0	0	3	10	16		
1/Longmeadow Front	13	0	1	11	1	26		1/Longmeadow Front	13	0	0	12	1	25		
1/Longmeadow Back	10	0	2	7	1	21		1/Longmeadow Back	10	0	0	7	3	17		
2/Airview Front	11	2	1	7	1	26		2/Airview Front	11	0	0	7	4	18		
2/Airview Back	7	7	0	0	0	28		2/Airview Back	13	0	0	3	10	16		
						0		Belle Manor	16	0	0	12	4	28		
						0								0		
						0								0		
						0								0		
						0								0		
						0								0		
Total	81	12	7	55	7	186		Total	124	0	0	82	42	206		

Beds

186

7

110

21

48

206

42

164

0

0

Exhibit 11
Bed Assignment Exhibit

ASSIGNMENT
NMS Healthcare of Hagerstown, LLC, to Marsh Pike, LLC

FOR VALUE RECEIVED, the undersigned, NMS Healthcare of Hagerstown, LLC, a Maryland limited liability company ("Assignor"), hereby sells, assigns, transfers and conveys unto Marsh Pike, LLC, a Maryland limited liability company ("Marsh Pike"), all of its right, title, interest, powers, privileges and options in, to and under that certain Purchase and Sale Agreement ("PSA") dated as of November 6, 2009, between Assignor and Homewood Retirement Centers of the United Church of Christ, Inc., a Maryland corporation ("Seller") relating to the acquisition of the assets as described in the PSA, a true and correct copy of which is attached hereto as Exhibit A and made a part hereof by reference. This Assignment is subject to the PSA, including all rights, conditions, and restrictions provided therein. Marsh Pike is an affiliate of Assignor.

By the acceptance of this Assignment, Marsh Pike assumes all of the liabilities and obligations of Assignor under the PSA and agrees that the terms and provisions thereof shall be binding upon and shall inure to the benefit of Marsh Pike and its successors and assigns. Notwithstanding the foregoing, Assignor shall continue to be liable to the Seller pursuant to Section 10.10 of the PSA.

[Signatures appear on the following page]

IN WITNESS WHEREOF, Assignor and Marsh Pike have caused this Assignment to be executed as of this 30 day of ^{March}~~February~~, 2010.

ASSIGNOR:

NMS HEALTHCARE OF HAGERSTOWN, LLC
a Maryland limited liability company

By:


Matthew W. Neiswanger, Manager

MARSH PIKE:

MARSH PIKE, LLC
a Maryland limited liability company

By:


Steven D. Lebowitz, Venture Manager

Consent of Seller

Through its signature below, Homewood Retirement Centers of the United Church of Christ, Inc., a Maryland corporation, hereby acknowledges and confirms that Assignor has obtained its consent to the assignment described in the Assignment to which this joinder is affixed as required pursuant to the Purchase and Sale Agreement referenced therein.

HOMEWOOD RETIREMENT CENTERS OF
THE UNITED CHURCH OF CHRIST, INC., a
Maryland corporation

By:


Ernest W. Angell, President/CEO

EXHIBIT A

ASSET PURCHASE AGREEMENT

(Attached)

Exhibit 12
Age of Building Exhibit

History on N M S Healthcare (Formerly Avalon Manor)

The building was originally constructed in the 1950s as offices of Fairchild Aircraft. In the 1960s, it was sold and converted to a nursing home. The first floor of this building (originally called Avalon 1, changed to Longmeadow Hall in 1986) and The Terrace derive from the 1960's.

In 1970, two new floors were added (AM1 and AM2 Convalescent Center). In 1986, the name of Ami was changed to Washington Hall and AM2 Convalescent Center was changed to Air View Hall.

In 1980, Manor Hall was added. In 1986, the name was changed to Fountainhead Hall. Also in 1980, a new activity room was added on dedicated in Honor of Dr. Hoffman, M.D.

In 1989, a new Laundry area and a Trash Compactor area were also added.

Exhibit 13

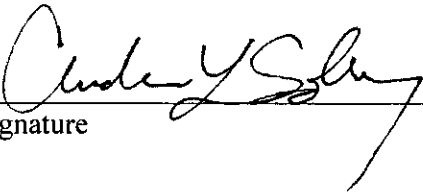
Affirmations

I hereby declare and affirm under the penalties of perjury that the facts stated in this CON application modification and its attachments are true and correct to the best of my knowledge, information, and belief.


Signature

4/22/10
Date

I hereby declare and affirm under the penalties of perjury that the facts stated in this CON Application Modification and its attachments are true and correct to the best of my knowledge, information, and belief.


Signature

4/23/10
Date